

## Message Text

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FM SECSTATE WASHDC

TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS

USCINCSO

XMT AMEMBASSY PANAMA

C O N F I D E N T I A L STATE 185811

INFORM CONSULS

FOLLOWING REPEAT PANAMA 4720 ACTION SRSTATE 04 AUG

QUOTE

C O N F I D E N T I A L PANAMA 4720

E.O. 11652: GDS

TAGS: ECIN, PINT, XM

SUBJECT: SELA (6): WRAP-UP

DEPT PASS ALL ARA POSTS

REF: PANAMA 4636

SUMMARY: INITIAL CONFERENCE TO CREATE A LATIN AMERICAN ECONOMIC SYSTEM (SELA) CONCLUDED ON AUGUST 2. DELEGATES APPROVED A RESOLUTION FAVORING SELA'S CREATION, FORMED A WORKING GROUP TO CONTINUE STUDYING SELA'S GOALS, AND TO STRUCTURE MEANS FOR REACHING THEM, AND CONVOKED A SECOND CONFERENCE OF MINISTERS TO BE HELD IN PANAMA, OCTOBER 15, 1975. CONFERENCE RESULTS ARE SLIM. CONSENSUS ON POSSIBLE UTILITY OF SELA ACHIEVED, BUT CONFIDENTIAL

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ORGANIZATION SITLL REMAINS TO BE CONSTITUTED. VARYING LEVELS OF ENTHUSIASM TOWARDS SELA APPARENT, THESE COUPLED TO GREAT DIFFERENCES IN LA ECONOMIC DEVELOPMENT AND STRUCTURE, POLITICAL TRADITION AND FORMS OF GOVERNMENT, MUST BE TAKEN INTO CONSIDERA-

TION IN LATER MEETINGS. THEIR MELDING WILL NOT BE AN EASY TASK. SELA AT PRESENT IS ORGANIZED MORE AGAINST ONE NATION, THE U.S., THAN AMONG ITS COMPONENT LA MEMBERS.  
END SUMMARY

1. THE FIRST CONFERENCE ON THE CREATION OF A LATIN AMERICAN ECONOMIC SYSTEM COMPLETED ITS LABORS ON AUGUST 2, RARA AVIS, SIX HOURS AHEAD OF SCHEDULE. DELEGATES FROM 25 AMERICAN NATIONS RESOLVED TO CREATE SELA, TO SET UP A WORKING GROUP TO DRAFT SELA'S BYLAWS AND PROGRAM OF ACTION, AND TO CONVOKE OCTOBER 15 IN PANAMA ANOTHER MINISTERIAL LEVEL MEETING TO CONSIDER THE FRUITS OF THE WORKING GROUP'S SESSIONS. WORKING GROUP WILL BE COMPOSED OF REPRESENTATIVES FROM ALL LA NATIONS WHO WISH TO PARTICIPATE.

2. TEXT OF RESOLUTION APPROVED BY CONFERENCE BEING POUCHED ARA/ECP TODAY. PURPOSES SELA WILL SERVE IS THE MAJOR ITEM OF THE RESOLUTION. WORKING GROUP WILL DISCUSS THEM, ATTEMPT TO REFINE THEIR STATEMENT, AND ENSURE THEIR COMPATIBILITY ONE TO ANOTHER AND VIS-A-VIS OTHER REGIONAL GROUPINGS AND ORGANIZATIONS. PURPOSES OF SELA LISTED IN FINAL RESOLUTION NEARLY IDENTICAL TO THOSE TRANSMITTED PANAMA 4636 (SELA 4). FINAL VERSION HONES DOWN SOME OF ABSTRACT VERBIAGE OF ELEMENTS LISTED REFTEL. MORE EMPHASIS IS PLACED ON CREATION AND STRENGTHENING OF LA MULTINATIONAL ENTERPRISES, INCLUDING MEASURES TO ENSURE THEIR ADJUSTMENT TO REGIONAL DEVELOPMENT OBJECTIVES AND NATIONAL INTERESTS OF INDIVIDUAL COUNTRIES. AND LEAST DEVELOPED NATIONS OF REGION WILL RECEIVE SPECIAL TREATMENT.

3. WORKING GROUP OF "HIGH-LEVEL" TECHNICIANS IS TO MEET WITHIN 45 DAYS AND SHOULD PRESENT ITS DELIBERATIONS TO MINISTERIAL CONFERENCE SET OCTOBER 15. PANAMA IS CHARGED WITH ORGANIZING WORKING GROUP AND RECONVENING MINISTERIAL MEETING.

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4. MEXICO AND VENEZUELA PLAYED MAJOR ROLE IN DISCUSSIONS. AS THE TWO WERE PRIME MOVERS OF CONFERENCE, THIS WAS TO BE EXPECTED. BRAZIL AND URUGUAY WERE THE MOST VOCAL ELEMENTS OF OPPOSITION, STATING OFTEN THE NEED TO STUDY SELA PROPOSALS "IN DEPTH". NEITHER THEY NOR ANYONE ELSE, HOWEVER, DIRECTLY OPPOSED THE CREATION OF SELA. THE CARIBBEAN GROUP OPTED FOR SOLIDARITY WITH ITS LA NEIGHBORS, BUT EXPRESSED CONCERN THAT SELA NOT DUPLICATE EFFORTS OF ALREADY EXISTING LA REGIONAL INTEGRATION AND DEVELOPMENT MECHANISMS, AS WELL AS INSISTING ON SELA CONSIDERATION OF THEIR PROBLEM OF LIMITED MARKETS.

5. COMMENT: THE IDEA OF A LATIN AMERICAN ECONOMIC

SYSTEM, BROACHED LAST YEAR BY MEXICO, AND EMBRACED WITH FERVOR BY VENEZUELA HAS BEEN ADVANCED BY THIS FIRST CONFERENCE, BUT NOT OVERLY SO. ALL BUT TWO (BAHAMAS AND SURINAM) OF THE LA NATIONS INVITED TO THIS MEETING ATTENDED, BUT CONFERENCE ACHIEVEMENT MUST BE JUDGED SLENDER AS VERY LITTEL SPECIFIC OR CONCRETE WAS AGREED TO. NEVERTHELESS, CONFERENCE PROBABLY AIMED AT GETTING A CONSENSUS THAT IDEA OF SELA MIGHT BE USEFUL, AND THAT WAS REACHED. DURING PUBLIC DEBATE, AND ACCORDING TO MINUTES AND SUMMARIES OF WORKING SESSIONS, MUCH WAS MADE OF REGION'S HISTORIC AND GEOGRAPHIC COMMUNITY, AND ITS SUFFERANCE OF COMMON ECONOMIC GROWTH PROBLEMS. THIS IS AN OFT INVOKED RALLYING CRY WHICH, WHILE IT BROUGHT OUT THE TROOPS, IS IN A GREAT MANY ASPECTS MORE FALSE THAN TRUE. BRAZIL HAS LITTLE IN COMMON WITH COSTA RICA, SAY, OR PERU, WHETHER ONE REGARDS HISTORY OR ECONOMIC STRUCTURE AND POTENTIAL. THE GREAT SOCIAL, ECONOMIC AND POLITICAL DISPARITIES AMONG LA NATIONS PLAYED A LESS MENTIONED COUNTERPOINT TO THE MORE ONEY-TONED MELODIES OF SOLIDARITY. YET SMALLER NATIONS, CENTRAL AMERICAN AND THE CARIBBEANS IN PARTICULAR, DID VOICE THEIR FEARS OF BEING DOMINATED BY THE REGION'S GIANTS. A LARGE PORTION OF DEBATE WAS DEVOTED, UNSUCCESSFULLY, TO AN ATTEMPT TO DEAL WITH THE QUESTION OF THE REGION'S LEAST DEVELOPED. THE QUESTION OF BY WHAT CRITERIA THESE WILL BE DEFINED AND WHO IS TO PAY FOR THEIR SPECIAL TREATMENT WILL BEDEVEIL THIS ORGANIZATION, SHOULD IT GET OFF THE GROUND LATER IN THE YEAR, JUST AS IT DOES OTHER INTERNATIONAL DEVELOPMENT BODIES. CONFIDENTIAL

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7. POLITICAL DIFFERENCES, WITH SOME MEMBERS ALMOST DIAMETRICALLY OPPOSED IN POLICY OR FORM OF GOVERNMENT, WILL BE DIFFICULT TO HARMONIZE. CONFERENCE CHAIRMAN, MINISTER NICOLAS BARLETTA OF PANAMA, STATED HIS OPENING REMARKS THAT SELA WOULD NEED TO SEEK A LEAST COMMON DENOMINATOR FOR SOLVING THE PROBLEMS IT POSES ITSELF. WHETHER THAT CONCEPT HAS MUCH EFFECTIVENESS OR MORE THAN CHIMERICAL REALITY IS QUESTIONABLE.

8. ANOTHER CONSIDERATION WHOSE RESOLUTION SHOULD PROVE THORNY IN SELA'S RELATION TO THE PLETHORA OF ALREADY EXTANT MECHANISMS OF REGIONAL INTEGRATION AND ECONOMIC GROWTH. HOW DO CECLA, ALALC, CIES, AND CECON, TO NAME BUT A FEW, FIT IN WITH THIS NEW ENTITY? SELA PURPORTS TO GATHER THEM ALL UNDER ITS WINGSPAN, BUT THEY MAY PROVE RELUCTANT TO ACCEPT ITS AEGIS, INTRACTABLE TO ITS DIRECTION.

9. THE PURPOSES SELA'S WORKING GROUP WILL CONSIDER ARE MANY AND COMPLEX. AND SOGENERALIZED IS THEIR STATEMENT IT IS DIFFICULT TO FORESEE HOW THEY CAN BE GIVEN SPECIFIC CONTENT, CLEAR DIRECTION, AND ORDERED

PRIORITY AND STILL BE AGREEABLE TO ALL MEMBERS OF THIS  
CONFERENCE. ONE THING IS CLEAR; SELA IS, AND HAS BEEN FROM  
ITS INCEPTION, ORGANIZED TO COUNTER U.S. ECONOMIC INFLUENCE  
IN LATIN AMERICA. REPEATED PUBLIC DENIALS OF THIS FACT  
IN THE MEETING'S FIVE DAYS ONLY SERVE TO CONFIRM IT. THE  
U.S. IS NOT, THOUGH, THE ONLY NATION IN THIS EHMISPHERE  
CAPABLE OF ECONOMIC DOMINATION, AND THIS TOO WAS APPARENT  
TO THE DELEGATES. SCOURGING U.S. "IMPERIALISM" IS ONE  
THING, ACHIEVING CONSENSUS AMONG 20 OR 25 SOVEREIGN AND  
DIVERSE NATIONS WILL BE QUITE ANOTHER.

10. DURING THE INAUGURAL SESSION ONE EASTERN  
EUROPEAN DIPLOMAT WAS OVERHEARD TO AVER THAT NOW THERE ARE  
TWO VOICES TO BE HEARD IN THIS HEMISPHERE: SELA'S  
AND THE UNITED STATES\* THAT IS ANTICIPATING MATTERS A  
GREAT DEAL. FOR THE MOMENT SELA MAY SPEAK LOUDLY, BUT  
IT HAS YET TO FIND ITS STICK.  
JORDEN UNQUOTE KISSINGER  
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